

## **Appendix A**

### **Terms of Reference**

Services are for a Survey of International Opportunities for Alaska Softwood Producers. The Consultant shall perform such professional services and accomplish such tasks as are identified and defined in the following scope of work. The Consultant will be responsible for, but not necessarily solely limited to, the activities and reports as detailed in the scope of work below, and secondarily, the Consultant's project proposal.

Among other opportunities, the survey will pay particular attention to investigating the following niches and products and answering the questions listed under each item. Ultimately, the survey should seek to determine whether or not these current and potential niches, markets, and products provide economic opportunities for Alaska manufacturers.

- 1) Assess current and future uses of Alaska spruces, hemlock, western red cedar, and Alaska (yellow) cedar in the Pacific Rim. Historically, most Alaska logs, as well as large cants and flitches, have been sold directly to Japan. Will the ongoing shake up and consolidation of the Pacific Rim processing industry present an opportunity for Alaska mills to sell more value-added products? What segments of the Pacific Rim's secondary processing industry have been hurt the most and does this present market opportunities for Alaska producers? What are the current products made by Pacific Rim mills, particularly those in Japan, for Alaska woods? Will requirements of the new building standards law of Japan present opportunities for Alaska producers? Do the prices of these products support manufacturing in Alaska?
- 2) Quantify the current and potential demand for Alaska spruces, hemlock, western red cedar, and Alaska (yellow) cedar products in European, primarily western European markets. Identify what Alaska products currently compete in European markets, their closest competitors, and a price for Alaska and similar non-Alaska products. Determine the potential market size for naturally decay-resistant Alaska (yellow) cedar as a substitute for chemically-treated wood products and other outdoor applications such as doors and windows. The demand for certified forest products and naturally resistant, chemical-free products should be kept in mind during this examination. Quantify the current market for western red cedar siding and decking products in Northern Europe, particularly Denmark. Summarize the position of current competitors in the market including range and average prices and distribution and sales channels.
- 3) Assess market opportunities for timber frame and log cabin kits for the Pacific Rim home market, particularly Japan. The report should include detailed information on the number of homes sold annually and any regional patterns. Other pertinent information required includes range and average size of homes, range and average prices, current sellers in the market and their distribution and sales channels, and regulatory requirements such as fire and seismic event standards and codes and other pertinent standards existing in the Pacific rim markets defining material specific strength and/or quality control specifications.
- 4) Given the clear, fine-grained nature of Alaska spruce and hemlock and assuming the adoption of an ALSC grade for Alaska spruce and hemlock which recognizes strength design values similar to second- and third-growth Douglas Fir, identify and quantify future potential international market opportunities for Alaska spruce and hemlock products.

The result of this survey will be a report on international softwood product opportunities for Alaska species. The report shall be directed towards current and potential mill owners and operators and the associated industry. It will focus on opportunities and provide practical information, including transportation costs, sales and distribution channels, and current pricing information. The report will serve as a basic primer and provide a foundation for further private study by individuals interested a particular niche, product, or market.